

Message Text

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ACTION NEA-12

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ISO-00 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 ACDA-19 IO-14

OMB-01 SCI-06 SCEM-02 INT-08 TRSE-00 DRC-01 COME-00

CIEP-02 EB-11 /216 W

----- 051586

R 070432Z NOV 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 8050

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY JAKARTA

WMEMBASSY JIDDA 2210

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

AMEMBASSY TEH HAGUE

AMEMBASSY VIENNA

USINT ALGIERS

USMISSION OECD PARIS

AMEMBASSY RABAT

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RABAT/TUNIS FOR SECRETARY

BEIRUT PASS BAGHDAD

E.O. 11652: GDS

TAGS: ENRG PFOR XF

SUBJ: OPEC CONCLUDES SECOND MEETING ON PRODUCTION CUTS

REF: KUWAIT 3937

1. OPEC MINISTERS CONTINUED MEETINGS NOV 5, BUT THEY DID NOT RPT NOT ISSUED FINAL COMMUNIQUE FOLLOWING THAT SESSION. EMBOFF HAS DISCUSSED DECISIONS WITH SENIOR OPEC AND KOC OFFICIALS AS WELL AS WITH USUALLY WELL-INFORMED JOURNALIST. AS INDICATED REFTEL, MAJOR DECISION WAS TO HAVE OPEC STATES (NOT INCLUDING IRAQ WHO DID NOT TAKE PART IN MEETING) REDUCE PRODUCTION BY 25 PERCENT OF SEPTEMBER DAILY AVERAGE, INCLUDING THOSE EXPORTS EMBARGOED TO U.S., HOLLAND OR OTHER DESTINATIONS.

2. IMPACT ON KUWAIT PRODUCTION WILL BE RELATIVELY SLIGHT. OPEC DECISION WILL REQUIRE KOC PRODUCTION 1.5 PERCENT BELOW CURRENT LEVELS, I.E. FROM 2.3 MILLION BPD TO 2.25 MILLION BPD. JOURNALIST WHO COVERED OPEC MEETING SAID THAT YAMANI INDICATED THAT SAUDI PRODUCTION WILL FALL WELL BELOW 6 MILLION BPD LEVEL. WE UNDERSTAND THAT TOTAL REDUCTION SAUDI PRODUCTION, INCLUDING EMBARGOED EXPORTS WILL TOTAL MORE THAN 25 PERCENT AND WILL BE ABOUT 30 PERCENT BELOW SEPTEMBER LEVEL.

3. OPEC MINISTERS DID NOT SPELL OUT PUBLICLY WHO "FRIENDLY" STATES WOULD BE. WE UNDERSTAND ALGERIANS AND LIBYANS, AS WELL AS IRAQIS BELIEVE THAT ARABS SHOULD NOT PUNISH FRIENDS AND THAT SUCH COUNTRIES SHOULD BE HELD HARMLESS AS OIL WEAPON APPLIED TO U.S. AND OTHERS. OIL EXPORTS TO FRIENDLY COUNTRIES ARE EXPECTED TO BE IN SAME RELATIVE PROPORTION TO THE AMOUNT OF OIL THEY IMPORTED FROM ARAB STATES BETWEEN JANUARY AND SEPTEMBER 1973. JOURNALIST CLAIMED KUWAIT, SAUDI ARABIA, ALGIERS AND LIBYA HAVE BEEN SELECTED TO POLICE IMPLEMENTATION OF OPEC DECISIONS, BUT OPEC OFFICIAL WAS SKEPTICAL OF SUCH A REPORT.

4. OPEC WILL HOLD REGULARLY SCHEDULED SEMI-ANNUAL MEETING HERE IN EARLY DECEMBER. SEEMS LIKELY THAT PRODUCTION CUT AND EMBARGO
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POLICIES WILL BE REVIEWED BY OPEC AT THAT TIME.
STOLTZFUS

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